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1. ACCEPTANCE OF GIFTS

Capilano University Foundation (the “Foundation”) is a registered charity, and as such, welcomes donations that will enhance the mission of Capilano University (the “University”).

Although the University is appreciative of all donations offered:

- (a) the University may accept or decline to accept any gift or donation and will make its decision to do so on the basis of what is in the best interest of the University in the circumstances;
- (b) unless subject to an agreement to use the gift for a specific purpose, gifts are received unconditionally and may be used for such purposes as the University determines are most appropriate; and
- (c) the University will not accept gifts when a condition of such acceptance results in an abridgement of its academic freedom or its integrity.

Generally, gifts fall into two categories, donations and contributions. Each gift must be categorized to determine whether it is a donation or a contribution.


All donations and contributions from sponsorship agreements are received by the Foundation then transferred to the University for management or disbursement. Contributions arising from the vendor partnerships are received by the University as part of the contract. The value of these partnerships is recorded by the Foundation but the funds flow to the Foundation at the discretion of the Vice President, Finance & Administration.

1.1 Donations

A charitable donation is a philanthropic gift involving no benefit to the donor outside the scope of donor recognition policies and as defined by Canada Revenue Agency (the “CRA”). A charitable tax receipt is normally issued for donations.

1.2 Contributions

A contribution is often a gift from a business, typically arising from a sponsorship opportunity or vendor partnership. Since sponsorship and vendor partnership gifts are made under contract and generally involve a benefit to the donor in terms of advertising and promotion value, they are considered contributions.


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Contributions also include the proceeds of sales and other business activities, lotteries, raffles and auctions. A charitable receipt cannot be provided for contributions.

1.3 Policies

- (a) The policy of the Foundation is to inform, serve, guide or otherwise assist donors who wish to support the Foundation's activities on behalf of the University.
- (b) The Executive Director of the Foundation or his/her designate, and other persons from time to time as authorized, may negotiate gift agreements with prospective donors.
- (c) The following gifts must be reviewed and approved before receipt, on such terms and conditions as are determined by the Foundation or the Office of the President or his/her delegate:
 - (i) real estate;
 - (ii) shares of privately held companies or interests in other entities (such as partnership interests) and the debt of same;
 - (iii) tangible personal property;
 - (iv) other property interests not readily negotiable;
 - (v) reinsured gift annuities; and
 - (vi) charitable remainder trusts and like instruments.

Before the acceptance of any gift which requires review by or approval of the Foundation or the Office of the President, the Foundation shall undertake such due diligence procedures and shall obtain appropriate opinions on all relevant issues as the Foundation or the Office of the President determines.

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2. GUIDELINES FOR IMMEDIATE GIFTS

2.1 Gifts of Real Estate

Gifts of real estate may be made in various ways: by outright gift, or by gift of a residual interest in the property, or by a gift to fund a charitable remainder trust. Section 4.3 will also apply to gifts of residual interests in real estate.

2.2 Gifts of Marketable Securities


Gifts of marketable securities listed on a prescribed stock exchange will generally be accepted, similar to cash, subject to no conditions. An official receipt for income tax purposes will be issued for an amount equal to the closing price on the date the gift of securities is received in good delivery form into our account. Shares will be sold by the Foundation immediately on a best efforts basis.

2.3 Gifts of Other Shares or Debt of Privately Owned Companies and Other Business Interests

Donors may make gifts of the shares or debt of private corporations or interests in other entities. Such gifts may be accepted by the Foundation provided that the Foundation assumes no tax or other liability in receiving the gifts and provided that the property may be converted into cash within a reasonable period of time as defined by the Office of the President.

Gifts of the shares or debt of corporations which are not listed on a prescribed stock exchange or interests in other entities will only be accepted if:

- (a) the Foundation assumes no liability in its acceptance;
- (b) the fair market value of the gift can readily be ascertained;
- (c) the Foundation is satisfied that there are no agreements or other documents affecting ownership of the shares or debt which would prevent the Foundation from ultimately realizing upon such shares or debt; and
- (d) the shares or debt can be liquidated within a satisfactorily defined period of time as determined solely by the Foundation.


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3. PROCEDURES FOR GIFTS IN KIND AND GUIDELINES FOR DEFERRED GIFTS

Executive policy E.306 outlines the policy and procedure for accepting donations of product, materials, equipment and offers of donated services.

3.1 Reinsured Gift Annuities


- (a) A reinsured gift annuity is an arrangement whereby a donor makes a gift to the Foundation and authorizes the Foundation to purchase a prescribed annuity (an "Annuity") from an insurance company licensed to issue the Annuity, to pay a stipulated amount to the donor, or another party, for the lifetime of the donor and/or the other party, or for a stipulated period of time. The Foundation does not issue annuities directly.
- (b) From the assets transferred to the Foundation by the donor, the Foundation will use a portion to purchase the Annuity, retaining the balance of the assets.
- (c) The minimum fair market value of assets transferred to the Foundation with respect to the purchase of an Annuity must be \$10,000.
- (d) If other than a gift of cash (or near cash) or a gift of publicly traded securities is made, the Annuity shall not be purchased until the assets transferred to the Foundation are disposed of, other than in exceptional circumstances.
- (e) The cost of the Annuity shall not exceed 75% of the fair market value of the assets transferred to the Foundation so that the gift will in the circumstances be meaningful to the Foundation.
- (f) The donor may designate the purpose for which the gift is to be utilized, subject to concurrence by the Foundation. If it is the wish of the donor that the gift not be distributed by the Foundation for a period of time so that the gift, together with accumulated income, would be sufficient for the establishment of a named endowment, such an arrangement must be specified at the time the gift is made. The minimum period of time in such circumstances for the retention of the gift is 10 years.

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- (g) The ultimate selection of the insurance company and the terms and conditions of the Annuity such as, for example, its term and guarantee period, if any, shall be determined by the donor, with suggestions by the Foundation, at the time that the Annuity is acquired, provided it is acceptable to the Foundation.
- (h) The donor must acknowledge that the Foundation will have no liability in connection with the acquisition of the Annuity including, but not limited to, the selection of the insurance company, the failure of the insurance company to pay the Annuity in accordance with its terms or the insufficiency of the Annuity due to any changes in the circumstances of the donor.

3.2 Residual Interests including Charitable Remainder Trusts

- (a) A gift of a residual interest describes an arrangement whereby an asset is gifted to the Foundation with the donor or others retaining use of the asset or income derived therefrom for the donor's life, the joint lifetime of the donor and others, or for a term of years. For example, the donor may give a residual interest in a personal residence while continuing to live at such residence or may give a residual interest in a painting and retain it for display during the donor's lifetime.
- (b) The establishment of a charitable remainder trust is essentially a gift of a residual interest. In such circumstances, the donor will transfer property to a trust created during the donor's lifetime or on the donor's death, becoming an income beneficiary for the donor's lifetime or joint lifetime with others, with one of the residuary beneficiaries or the sole residuary beneficiary of the trust being the Foundation.
- (c) The donor is entitled to an official receipt for income tax purposes for the fair market value of the residual interest in the gift or the residual interest of the charitable remainder trust in accordance with Canada Revenue Agency policies at the time the gift is made. In order for a receipt for income tax purposes to be forthcoming, the following criteria must be met:
 - (i) the gift must be irrevocable;
 - (ii) no conditions may exist which would preclude the Foundation from ultimately receiving the assets; and

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(iii) the value of the gift must be capable of ascertainment. For example, if in addition to retaining the income for the donor’s lifetime, the donor retained the right to encroach on the capital of the gift, no receipt for income tax purposes can be provided, although capital encroachments to a maximum may be acceptable. In this regard, the guidelines of the CRA have provided a basis for the calculation of the fair market value of the residual interest.

(d) The nature of the assets being transferred will determine the conditions relating to the acceptance of the gift.


3.3 Gift of Real Property

A gift of a residual interest in real property or in circumstances where the Foundation may acquire a residual interest in a charitable remainder trust to which real property was transferred, will require the Foundation to undertake a process of “due diligence” and specify certain conditions which may include, but not limited to, the following:

- (a) Completion of a search of title to ascertain the state of title and the existence of any encumbrances.
- (b) Acquisition of one or more appraisals satisfactory to the Foundation so as to determine fair market value.
- (c) Depending upon the circumstances, the cost of the appraisals may be borne by the donor or paid by the Foundation. If paid by the Foundation, the donor will be encouraged to make an additional contribution to the Foundation in an amount equal to the cost of the appraisal.
- (d) Generally, by agreement of the donor to be responsible during the period of time the income interest in property is being retained for real estate taxes, mortgage payments, insurance, utilities and repairs and maintenance. The Foundation may, in extraordinary circumstances, agree to assume responsibility for some or all of these items.

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- (e) Satisfaction by the Foundation that there are no liabilities arising from the gift including, but not limited to, any environmental problems, zoning restrictions, remediation requirements, leases with onerous terms, significant mortgage payment requirements or significant payments for repairs or replacements on the property (e.g., to rectify fire code infractions, work orders, and the like) so as to ensure that the property is in compliance with governmental requirements. All commercial properties shall generally require a Phase I environmental report.
- (f) Satisfaction by the Foundation that there are no other rights available to anyone with respect to the property such as, but not limited to, rights of first refusal, leases and the like.
- (g) The Foundation being provided with evidence that fire and liability insurance is in place on the property with the Foundation's interest noted thereon, with a requirement that the insurance company must notify the Foundation prior to the lapse or termination of the insurance policy.
- (h) The Foundation obtaining an acknowledgement signed by any mortgagee of the property, where the Foundation is a trustee of a charitable remainder trust, indicating that the Foundation will not incur any liability in so acting as trustee in the event of a default.
- (i) The Foundation retaining the right to inspect the property from time to time on reasonable notice being given by the Foundation to those in occupation of the property or, in the case of an unoccupied property, to the beneficial owner or donor of the property.
- (j) The donor of the property agreeing to maintain the property, subject to reasonable wear and tear, and ensuring compliance with all governmental laws, regulations and requirements.
- (k) In the case of non-commercial real estate, agreement by the donor not to grant a lease or license to any party while residing in the property on a full-time basis.
- (l) In circumstances where the Foundation is acting as trustee of a charitable remainder trust, the value of the gift which has been receipted for income tax purposes shall generally be not less than \$50,000. Where, however, the Foundation is not a trustee of such a trust, there shall be no minimum value of the gift.

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- (m) Satisfaction by the Foundation that the property will be capable of being sold in a reasonable period of time after the residual interest has vested.

3.4 Life Insurance


There are several ways whereby the proceeds of an insurance policy may be received by the Foundation. The donor may:

- (a) irrevocably assign the ownership of a paid-up life insurance policy to the Foundation;
- (b) irrevocably assign the ownership of a life insurance policy other than a term policy on which premiums remain to be paid;
- (c) irrevocably assign the ownership of a term life insurance policy on which premiums remain to be paid; or
- (d) name the Foundation as a beneficiary, whether primary or secondary, of the proceeds of the policy. In this particular case, the ownership of the insurance policy is not irrevocably assigned to the Foundation.

In each of cases described in clauses a), b) and c) above, the Foundation becomes the legal owner and beneficiary of the life insurance policy.

The donor may obtain an official receipt for income tax purposes for the premiums paid either directly to the insurance company or to the Foundation, which will in turn pay the insurance premium with respect to clauses b) and c) above. No official receipt for income tax purposes is, however, available for the premiums paid or for the amount of proceeds received in clause d) above.

On any assignment of insurance policies to the Foundation described in clauses b) and c) of Section 3.4, the Foundation will ensure that it is not incurring any liability to the insurance company for future insurance premiums. Generally, such premiums will be paid by the Foundation only in circumstances where the Foundation receives the amount of the premium from the donor. The Foundation will incur no liability to the donor of the insurance policy, the insured or otherwise if it has not paid the insurance premiums as a result of not having received such amount from the donor.

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3.5 Bequests

Sample bequest language for unrestricted and restricted gifts, including endowments, will be made available to donors and their legal counsel to ensure that the bequest is properly designated. Donors will also be invited to provide information regarding their bequest provision and, if willing, to send a copy of that section of their will which names the Foundation.

During the probate of estates containing a bequest to the Foundation and during the post-death administration of inter-vivos trusts containing dispositive provisions benefiting the Foundation, the Executive Director of the Foundation, or his or her designate, together with the Foundation's legal counsel, shall represent the Foundation in all dealings with the legal counsel and personal representatives of the estate.

4. GENERAL

4.1 Endowed Funds¹

An endowed fund is a gift that provides income in perpetuity for purposes agreed to by the donor and the Foundation. The University uses only the investment income generated by the capital to provide an annual award.

4.2 Endowed Fund Minimums


Any gift may be designated to the General Endowed Funds held by the Foundation. The minimum amount for the establishment of a named endowment with searchable criteria is \$20,000, payable over a period up to five years.²

The minimum amount for the establishment of a named endowment with searchable and/or special criteria is \$25,000, payable over a period up to five years.³

¹ Existing endowed funds (created prior to 2013) are 'grandfathered' and therefore not required to meet the stated minimums as listed above. Moving forward, any existing endowed fund (created prior to 2013) for which a donor desires to incorporate special criteria, where none has existed previously, will be subject to the above guidelines.

² Searchable criteria as defined by the university's Financial Aid and Awards unit.

³ "Special Criteria" is any criteria that cannot be searched on the Student Information System or requires additional steps (i.e.: completion of an application form, essay, or interview, etc.).

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4.3 Non-Endowed Funds

A non-endowed fund supports awards on a year-to-year basis with an annual gift.

4.4 Non-Endowed Fund Minimums

Any gift may be designated as a non endowed fund held by the Foundation. The minimum amount for the establishment of a named, non endowed fund with searchable criteria is \$1,000 with a three-year commitment.


The minimum amount for the establishment of a named, non endowed fund with searchable criteria and/or special criteria is \$2,000 with a three-year commitment.

4.5 Dissolution and Merger of an Endowed Fund

There are circumstances when it may be prudent or required that a fund be dissolved. In these instances, the existing capital and income associated with the fund will remain within the University’s endowed fund portfolio but will cease to exist under the prior endowed fund agreement. This may happen when:

- (a) the endowment supported a specific program or course that is no longer offered by the University and there is no similar course;
- (b) the endowment balance is not large enough to support the established minimum award disbursement; or
- (c) the endowment funded a scholarship, bursary or award for students that met specific criteria which cannot be met or the University has great difficulty in meeting.

In these circumstances, the Foundation will make all reasonable attempts to contact the donor to amend their original fund agreement with the goal of maintaining the original intent of the fund as much as possible.

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5. INDEPENDENT LEGAL ADVICE

In circumstances where a substantial gift is being made or the gift is substantial in relation to the donor's circumstances, independent professional advice should be obtained by the donor or an acknowledgement obtained that such independent professional advice has been waived and that the Foundation is released from any liability which may arise in its reliance on the information which has been provided.

6. CONSENT

All necessary consents and releases such as those of a spouse, insurer, issuer and the like must be obtained prior to the acceptance of any gift.

7. POLICIES AND PROCEDURES

The foregoing Policies and Procedures are provided to establish the basis and framework for the acceptance of different types of gifts and do not represent an exhaustive list and are not intended to be inflexible rules. The Policies and Procedures are expected to evolve and/or change over time. The circumstances surrounding a particular gift will determine the Foundation's requirements. The Foundation reserves the right not to accept a gift, whether or not it is in compliance with the existing Policies and Procedures.

8. RECOGNITION

All donors providing a future gift to the Foundation are entitled to recognition in accordance with any current and existing Foundation guidelines established by such Foundation unless anonymity is requested by the donor.

9. CONFIDENTIALITY

All donors will be treated respectfully and confidentiality covering the details of a donor's gift to the Foundation will be maintained at all times.

10. APPLICABLE LAW

The laws of the Province of British Columbia where applicable shall apply to these Policies and Procedures.